STRATEGIES ADOPTED BY SAROVA GROUP OF HOTELS IN KENYA IN RESPONSE TO CHANGES IN THE EXTERNAL BUSINESS ENVIRONMENT

ROSEENID WAMBUI KAMICA

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI.

NOVEMBER, 2015

DECLARATION

I declare that this project is my original work and has not been submitted for examination before for the award of other degree or qualification in any other university

Sign: …………………….…   Date: …...........................

Roseenid Wambui Kamica

D61/72609/2014

This research project has been submitted for examination with my approval as the University Supervisor.

Sign:………………………….   Date:……………………………………

Prof. Evans Aosa

School of Business

University of Nairobi

DEDICATION

This study is dedicated to my loving fiancé Maxwell Onyango, who gave me invaluable love, inspiration, assistance and encouragement throughout the Master of Business Administration (MBA) Programme and to my dear parents Mr. and Mrs. Kamica who have sacrificed, unwavering commitment, supported and taught me the value of education at an early age and understood my busy schedule.

ACKNOWLEDGEMENTS

To the Lord God Almighty, I thank him for the gift of life, strength and His endless love upon me for the energy and intelligence of all those who necessitated the completion of my research project. I would like to acknowledge the following for their assistance that facilitated the completion of this project.

First, my sincere gratitude, I acknowledge the support, contribution, and commitment of my supervisor Prof. Evans Aosa to whom I am greatly indebted. He gave me the necessary guidance and invaluable professional advice through the entire research project process. I also thank my Moderator, Prof. Zack B. Awino for challenging me and providing knowledge of the subject matter, which enabled me to shape this research project. Thanks to all my lecturers for their guidance and counsel.

Secondly, my sincere gratitude goes to my Mum and Dad, brothers, Greg, Daniel and Martin and friends Felistus and Gladys. I truly thank you for your support, prayers, and encouragement. May God's grace and favor always be with you all.

Finally, I acknowledge the Sarova Group of Hotels in Kenya for their responses and participation in the study and provided the necessary insights upon which the study was founded. I highly appreciate for the information they provided undividedly to successfully complete this research.

TABLE OF CONTENTS

ABSTRACT

This research project investigated the strategies adopted by Sarova Group of Hotels in Kenya in response to changes in the external business environment. The external environment of an organization includes those factors outside the organization that affect the organization's ability to function and sustain competitiveness in the industry and the market at large. This study helped us to understand what strategies the Sarova Hotels have put in place or matched to counter the various changes in the external business environment, and also remain relevant and make profits in the Hotel industry. Hotels develop strategies that aim to secure a strong market position and achieve profitability outcomes. The study viewed and analyzed these two study objectives, strategies adopted by Sarova Group of Hotels in response to changes in the external business environment and the environmental changes in business faced by Sarova Group of Hotels. The research design used was a case study as it was ideal for the research because it allowed in-depth research of the data collected. Therefore making it easier for the researcher to collect data and define phenomenon more comprehensively. The researcher used both primary and secondary data. Primary data was collected using an interview guide with prospective respondents at the top-level management. Content analysis was used to analyze the data since the nature of the data was qualitative. The study sought to establish that managers in organizations strive to make strategic choices that align the goals of the organizations to their existing external business environment. This sought to establish the strategies adopted by Sarova Group of Hotels in response to changes in the external business environment. This study found out that the hotels adopted the following strategies in order to respond to the changes in the external business environment, Technology, Diversification, Strategic Alliance, and Market Positioning. To apply these strategies they also found out that the main changes in the external business environment are political, economic, socio-cultural, technological, environment and legal. The study made a conclusion that Sarova Hotels and the environment are in a framework where the rationale of the interdependent relationship exists between the organizations and the external business environment. The study recommends that there should be a proper management of strategic planning and management in the organization. Also recommends a structuring of an independent unit for proper strategic monitoring and evaluation process and outsourcing for strategic researchers and consultants to understand the organization's external business environment and come up with strategies to implement with regard to capabilities of the organization. The limitations of the study were inadequacy and unwillingness to share detailed information, lack of generalization on the research findings, limited time due to tight schedules. The suggestions for further research is use of different research instrument to attest whether the research will result to similar findings and comparison between the different strategies adopted by other companies in the hospitality industry in Kenya which will provide more insights on the best strategies to adopt to cope with the changes in the external business environment to companies in the industry. Therefore, the organization needs the environment while the environment needs the organization, none would be in existence if deprived of the other, because they have an interdependent relationship. For their interdependent relationship to survive the organization has to come up with strategies to adopt to respond to the changes in the external business environment.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Organizations operate in an open system that is in an ever-changing environment in order for them to be successful and sustain growth. An organization must understand its business environment it is operating in, both internally and externally to determine its success. Therefore, organizations cannot exist by themselves without an environment that they are operating in. Organizations are open systems, which interact with their environment, and the environment helps to shape the organization. In the performance of an organization, the environment is a key success factor (Porter 1981). The certainty of survival and success of an organization is pegged on strategy execution to meet the interests of all its stakeholders (Grant, 2005).

For an organization to be prosperous and to remain significant to the environment, it must come up with strategies to increase its survival and be steps ahead of its competitors. Organizations carry out their operations in an environment that is unstable and highly competitive (Pearce and Robinson, 2005). Therefore organizations have to keep up re-evaluating their strategies to keep up with the progressively competitive environment they operate in despite how well versed they are in their business (Kotler, 2000). Achieving a competitive edge in such a highly competitive environment is a huge task, thus organizations should be able to recognize their capabilities and frame a positioning strategy in the market (Johnson and Scholes, 2002). Organization's survival is highly depended on adopting several strategies for them to grow and be successful in a turbulent environment. Therefore, organizations need the environment while the environment needs the organizations,

none would be in existence if deprived of the other, because they have an interdependent relationship.

Recently the external business environment in Kenya has had its share of challenges for organizations to operate in due to its dynamic nature, putting into consideration that Sarova Group of Hotels is among the best leading hotel chains in Kenya. The main objective of this study is to understand the rationale of the interdependent relationship that exists between the organizations and the external business environment. Therefore, the study will seek to determine the strategies adopted by Sarova Group of Hotels in response to changes in the external business environment and the environmental changes in business faced by Sarova Group of Hotels.

Sarova Group of Hotels are widely spread out in the most strategic and luxurious locations within the country which are highly dependent to their environment as well as being environmental serving. The hotels operate in an ever-changing competitive environment and therefore expected to adapt to suitable strategies to facilitate value addition to the services they offer to and receive from their stakeholders. This will enable the Sarova Group of Hotels to have access to the best resources available and arising opportunities from the environment. Hospitality industry operates in a very stiff competitive environment thus hotels have to come up with highly competitive strategies to position themselves in the market and gain great market share and become more profitable.

1.1.1 Concept of Strategy

Strategy is a multidimensional concept defined in various means. Strategy is a move and tactic that an organization takes to be able to appeal to the customers, survive competitive forces, expand their market position, and sustain a competitive edge in

their operations and excel above their competitors (Thomson and Strickland, 2008). According to Johnson et al (2008), strategy is the direction and scope of an organization over the long term, which means, strategy aids in achieving the organization's vision that the organization has for the future planning. Strategy also aids in giving the direction the organization should take so that they are able to achieve their goals and objectives. Therefore, strategy involves the usage and allocation of limited resources that are available to the organization to achieve the goals and objectives of the organization (Pearce and Robinson, 2011).

The nature of strategic management has to be well understood to understand what strategy is and it entails because strategy is used at different times for different purposes or use it at the same time for various purposes. Therefore, recently we get to see all types of organizations both non-governmental organizations and governmental organizations put strategy into use in their strategy organizational planning structure. Strategic management scholars have different ways and perspectives of defining strategic management. Strategic management is the action plan for successfully running a business and directing operations that need total commitment in management to pursue the formulation.

Strategies in an organization are categorized into three different levels. Corporate level strategy characterized by overall purpose and scope of business domain where it is concerned with corporate resources allocation. The guiding principle is effectiveness rather than efficiency, that is doing the right thing than doing things right. Business level strategy is concerned about competition with others in the market; mainly the business managers focus on the business units where they have distinct strategies. The guiding principle is effectiveness rather than efficiency, which is by making the right choices. Operational level strategy concerned with how various

functional areas contribute to achieve business and strategy, mainly deals with organization's operations and activities. The guiding principle here is efficiency rather than effectiveness that is achieving results and goals stipulated in the organization (O'regan, Kling, Ghobadian and Perren, 2012). Therefore, strategy is the matching of activities and resources of an organization to its external business environment that it operates in and its strategic fit (Porter, 1980).

1.1.2 Responses to Business Environmental Changes

According to Porter (2005), an organization needs to conduct an environmental scanning both in the external and internal environments and respond consequently to preserve a competitive advantage. Business operations to be successful and be sustainable operate in an external business environment that is quite dynamic and vastly competitive. Therefore, for any organization's business operations to prosper they need to adopt various strategies to survive through the turbulent environment. Thereby ensuring the organization assesses its external business environment, which includes all its stakeholders (customers, creditors, suppliers, government, and competitors). Organizations will need to embrace the right appropriate strategies to be able to curb the threats and exploit the opportunities that the environment will present (Pearce and Robinson, 2000).

Strategically one has to study the external business environment to be able to analyze and have a foresight of what to expect to maintain effectiveness and efficiency in the business operations. The key external business environmental factors that dictate any business in any given environment include political, economic, socio-cultural, technological, ecological, and legal factors (Enz, 2011). According Ansoff and McDonnell (1990), an organization's success is pegged on the strategic fit of its strategic aggressiveness and strategic responsiveness and to the matching of the

4

environmental turbulence level. This is due to that at every environmental turbulence level there are diverse features, which in turn require diverse organizational capabilities and different strategies. Therefore, for growth, progress, and survival of the organization, the organization needs to match up strategies to the suitable organization's capabilities to each one of the environmental turbulence level.

Sarova Group of Hotels, have to critically look at the resources it has and how capable they are against the opportunities and threats that the environment can pose to develop fit response strategies according to the environment they are operating in. Hotels have to come up with highly competitive strategies to position themselves in the market, gain a great market share, and be more profitable. Critically getting to understand its clientele in the environment, they are serving to achieve and meet their wants and needs exceedingly.

1.1.3 Hospitality Industry in Kenya

Hospitality industry is part of the service industry that comprises of hotels, lodges, resorts, catering and events management and tourism among others. Hotels are widely spread out in the country although there are major hot spots where hotels are mainly located. In Kenya, the environment is friendly as we have three main cities and two other main hotspots cities that we find hotels located, that is, Nairobi Mombasa, Kisumu, Nakuru, and Malindi respectively. The others are located along the coastline region, around the Mt. Kenya Region in Kirinyaga County and at the heart of the Great Rift Valley. Other tourist attractions and sites are located at Maasai Mara, Amboseli, Isiolo, and Mararal, although they are underdeveloped and having poor infrastructures thus, leading to them not being so much of highly rated tourism hotspots (Sindiga, 1995).

In 2005, Hospitality industry mainly the hotels and restaurants have reported over 30% equal to over Kenya Shillings 13 billion as a source of tourism revenue income. In Kenya Between 2010 and 2011 (KNBS, 2012), reported that Tourism earnings as the key source of foreign exchange earnings which rose by over 32 per cent from over Ksh.73 billion to over Ksh.97 billion. During the holiday seasons, in the volume of arrivals international visitors reported to have risen with above 13 per cent. In 2010 and 2011, total arrivals grew from over 1.5 million and 1.6 million respectively. According to Macharia (2012), he states that in the hospitality industry competition is rapidly increasing. Over the years, most investors are pooling resources together into the hospitality industry and take part in the re-modeling the Nairobi's Skyline over. In the next few years, the hospitality industry will be on a level due to globalization and rapid technological advancements.

Recently organizations in the competitive environment are motivated to work hard to attain as world-class competitors and partner in one or any other form (Domke-Damonte, 2000). With the existence of the hospitality industry, it has faced so many radical changes. According to Deloitte (2010) brand is one of the key drivers to change. Currently and in the future, the choice of brand in comparison to the choice of location pegs on the ever-increasing changes in customers' lifestyle, taste, preferences, and demands. The brand of an organization is the depiction of the internal and external of an organization that represents and holds onto the brand of the shareholders expectations.

In today's market, customer is more demanding than in the past years due to them having technological shrewdness. Therefore, modern clients have demanded organizations to meet their needs at the very personal level. Technology has enabled easy access to information on the web thus; customers do a thorough search before

they get involved with any products and services. Well-versed customers have a multiple of choices to choose from according to their needs. Based on people's reviews and ratings it has brought to a growing tendency of customers making purchases due to the shared information on the internet (Deloitte, 2010).

1.1.4 Sarova Group of Hotels

Sarova Group of Hotels came to operations in Kenya since 1902 and its renowned as one of the Kenya's finest unique hotels that to the luxurious and classy uptown clientele. In the hospitality industry, the Sarova Group of Hotels has a record of being one of the key groups of hotels that are leading. In Kenya, they have a vast chain of hotels, resorts and game lodges. Sarova Group of Hotels has been on top-notch at upgrading their amenities, infrastructures, and facilities to keep up with the global standards to maintain high quality in their service delivery. Sarova Group of Hotels classified in the Five Star hotels; they offer a variety of services to their diverse clientele, like culinary services, entertainment with the right ambience in the bars and restaurants, luxurious and comfortable guest rooms. They cater to health issues by providing well-updated and equipped gym to make sure their customers exercise and maintain good health. They render services that are refreshing with an African touch of hospitality.

The hotels are located in the most suitable luxurious locations in Kenya. Sarova Stanley, Nairobi, right at the heart of the Central Business District, which accommodates 217 impeccable luxurious rooms in the entire city. Sarova Panafric, Nairobi, located in the serene outskirts of the CBD 5 minutes' drive from the CBD. It accommodates restaurants, 162 guest rooms, swimming pool, and a bar. Sarova Whitesands Beach Resort & Spa, located at the coast in Mombasa City one of the most breathtaking locations along the coastal regions of Kenya and East Africa.

Accommodates all types of activities be it , business courtesy of exports and import shipments, pleasure for holidays as it's a huge source revenue contribution to tourism serves as one of honeymoon destinations in the coastal region. Sarova Mara Game Camp, located at the Maasai Mara Game Reserve South West of Kenya, approximately 260 km from the city of Nairobi. It accommodates 75 luxury ensuite tents.

Sarova Shaba Game Lodge located in the Shaba Game Reserve, approximately 5 hours' drive or less than one-hour flight from the city of Nairobi. It accommodates 85 cabins that have wonderful view of the Uaso Nyiro River .Sarova Lion Hill Game Lodge, located at the heart of Lake Nakuru National Park in Nakuru County. It is alongside a hill bordering Lake Nakuru with a sprawling spectacle of the Lake Nakuru. The game lodge accommodates 64 luxurious rooms approximately 160 km from the city of Nairobi. Sarova Taita Hills Game Lodge, located next to Taita Hills Sanctuary at the South East of Kenya, approximately 400 kms from the city of Nairobi and less than 200 kms from the city of Mombasa . It Accommodates 62 lavish lodgings. Sarova Salt Lick Game Lodge also located at the heart of Taita Hills Wildlife Sanctuary, accommodates 96 luxurious lodges which are linked by up in the air pathways overlooking the water source (Sarova, 2014).

1.2 Research Problem

Organizations exist in an environment where they face challenges both internally and externally, thus proper environmental scanning should be carried out to come up with distinctive strategies to counter these challenges to gain a sustainable competitive advantage and respond to the changes in the external business environment. The external business environment includes economic, political, technological, and social cultural conditions, competitors, suppliers, customers, and regulators. An organization

has little or no control over its external business environment thus the need to constantly monitor and adapt to the external changes. Therefore, for sustainability and success of an organization, they need to come up with strategies that will enable them to manage and curb the changes in their external business environment; otherwise, the external driving forces can bury a business if not appropriately dealt with.

Hospitality industry is one of the main sources of international tourism revenue earnings. The hospitality industry has a diverse, dynamic, and complex competition because the customers have a variety of choices on where to get these services to meet their needs and expectations to their desire due to the rapid increase of globalization. Therefore, the hotels need to come up with strategies to enable the customer perceive value addition to the products and services they offer. The environmental conditions facing the Hospitality industry are safety and security issues, technological advancement, and economic instability. The study seeks to understand the strategies the Sarova Group of Hotels has adopted for the organization to be successful in the hospitality industry. The strategies are developed through achieving high level of quality service delivery, exclusive customer care, branding, marketing niche, low cost pricing. Sarova Group of Hotels has been compelled to adapt to strategies that will enable them to gain a competitive edge over the competitors in the industry and respond strategically to the rapid changes in external business environment.

Previous studies conducted internationally. Musembi (2013) states that in Europe the research carried out and was discovered that the three main strategies that hotel organizations use to gain a competitive advantage and respond to changes are Human Resource, Information Technology, and Brand Image. Most researchers, Ayele (2012) and Richard (2013) have done general studies, the hotel industry and competitive

advantage that five star hotels in Nairobi have adopted without addressing strategies that have been put in place in response to changes in external business environment.

This study will focus on the organization, its dynamic external business environment and strategies put in place in response to the changes in the external business environment. The researcher will seek to understand the interdependent relationship that exists between Sarova Group of Hotels and its external business environment and analyze the strategies they have put in place. What strategies has Sarova Group of Hotels in Kenya adopted in response to changes in the external business environment?

1.3 Research Objectives

The objectives of the study are

i.   To determine the strategies adopted by Sarova Group of Hotels in response to changes in the external business environment.

ii.   To determine the environmental changes in business faced by Sarova Group of Hotels.

1.4 Value of the Study

The study will enable the practitioners in this industry to have a better understanding of the external business environment that the organizations operate in. Therefore, will enable hotels to come up with better competitive strategies that will make them have an influence in the hospitality industry. Thus, help improve on their performance and top-notch service delivery at the global level.

The study will enable the Government under the body of Kenya Association of Hotelkeepers and Caterers to formulate policies that will be able to govern the hospitality industry in accordance to the changes the external business environment it presents. It will help them understand the rules and regulations that they have to

implement for the industry to be relevant and contribute to the growth of the economy.

The study will enable the researcher and academicians have a well-versed knowledge on the, strategies to adopt to counter the changes in the external business environment and how turbulent the environment can get. Besides that, the findings can be a point of reference in the future.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter will provide a review of literature that is relevant to the study from various scholarly authors. It will also cover concept of strategy, organizations and business environment, strategic responses to environmental changes and empirical studies and research gaps.

2.2 Theoretical Foundation of the Study

The theories that will best explain strategies adopted by organizations in response to changes in the external business environment are environment dependency theory of organizations and resource based view theory.

2.2.1 Environment Dependence Theory of Organizations

According to Ansoff and McDonnell (1990), Organizations are environmental serving because they cannot entirely control their own activities and thus external forces influence them. The environment dependency theory identifies that organizations exist in a framework of a very dynamic environment, which affects how an organization performs and in turn how it is affected by how the organization interacts with the environment. The organizational environment is a set of conditions that are close to an organization that have the prospective to affect the way in which it operates. According to Xi, Zhang and Ge (2012), organizational theory and various scholars have addressed this phenomenon and find a fundamental concern on the relationship that exists between organizations and their environment. There are four key significant characteristics that describe the present organizational business environment are complexity, uncertainty, ambiguity, and change. Therefore, the

managers face the obstacle of determining the universal management, the interconnection and the adaptation to prompt transformation (Xi et al., 2012).

Organizations operate as open systems that depend on the external business environment. They are ecological bodies that have common relations with other organizational bodies in their environment. An organization attracts the required resources for its operations from the environment. These resources include physical resources, human resources and financial resources. Organizations must ensure that they are able to attract the best inputs from the environment at minimum cost. Thus, transformation process is carried out efficiently and effectively and output generated is ejected from the organization back to the environment. Outputs must conform to the expected standards for them to be accepted in the environment otherwise it will be rejected. Anything that slows down the process threatens to kill the organization. Therefore, the external business environment is important for the survival of any organization. Organizations must adjust to changes in the environment or they die. Thereby, to take advantage of the opportunities and deal with the threats presented by the external business environment. Organizations operate in an environment that is quite turbulent and dynamic with constant and rapid changes that make strategies used in the past years to be inapt (Johnson and Scholes, 2002).

The environment is full of opportunities and threats, thus well adept managers will find target markets that will be fit for the goods and services, with capabilities that the organization will be able to offer (Johnson and Scholes, 2002). The remote environment, operating environment and industry environment constitute to make the organization's business environment. Therefore, the organization has to conduct an environmental scanning to know how to respond to the ever-changing business environment. The response action could be either reactive or proactive to be aware of

how they can maintain their customers and increase their market share too. Countering these challenges in the environment, we need new and innovative skills and abilities (Pearce and Robinson, 2011). Consequently, organizations existing as environmentally dependent require implementing on response strategies to be able to adapt to the ever-changing business environment.

Organizations operate in an environment that constitutes of both internal and external business environments. The internal environment constitutes of elements that are within the organization's control and that affect the operations. These elements consist of strengths and weaknesses the organization has, considered as the capabilities the organization has that are indispensable especially when handling the external business environment (Pearce and Robinson, 2011). The external business environment constitutes of elements that are outside the organization that affect the organization's ability to function. These elements consist of opportunities the organization can take advantage of and threats that can impede the organization's operations (Johnson et al., 2008).

2.2.2 Resource Based View Theory

According to Pearce II et al., (2011) and Johnson et al., (2005), Resource Based View of Strategy is apprehensive in developing the competencies and resources that an organization has as they are considered as strategic capabilities. Strategic Lock-ins achieved when an organization achieves exclusive strategic market positioning through the size of the market it serves and how fast it is dominantly growing in the industry, thereby leading the organization to be the bench-marker in the industry (Johnson et al., 2005).

Strategies at the operational level are mainly objective to see through that the strategies both at the corporate and business unit levels achieve effectively in relation to the processes, resources and people at the same time present opportunities for the operations management team to attain a competitive edge on speed, cost, and differentiation (Pearce II et al., 2011). Recently, in the competitive global market, speed-based strategies have highly contributed to most organizations in the world to achieve a competitive edge. Porter (1985) states that to determine cost position, technology plays a huge role because it affects the level of competitive advantage achieved.

One of the necessities for an organization to achieve a sustainable competitive advantage is being an above-average performer in the industry extensively (Porter, 1985). Once organizations have pursued and achieved competitive advantage, they try to remain optimistic and maintain to the end (Johnson et al., 2005). Therefore, organizations can appreciate competitive advantage when the organizations have, ability to restructure and create sufficient strategic capabilities to counter the needs of the ever-changing business environment. Distinct core competencies that are incomparable and not easy to imitate, core competencies that are deeply rooted to the culture of the organization, complexity in their internal linkages of the organization's capabilities and their competitors unable to distinguish the correlation sustaining an organization's competitive advantage. Thus, environmental strategies must align with the overall business strategy in order to optimize resources (Orsato, 2006).

2.3 Concept of Strategy

Competitive strategies are strategies that an organization adopts to bring forth a distinctive product and services and as a result to gain a competitive edge over the rivals (Olsen et al., 2008). An organization has to gain a competitive edge to be able

to maintain and attract more customers than its competitors. Therefore, organizations must be on the alert and way ahead of their competitors before they imitate their competitive strategies for the products and services delivery. In every industry, organizations face different competitors. According to Hax and Majluf (1996), for an organization to prosper, it must require strategy to align them to the external business environment it is operating in and to the organization's capabilities. This helps the organization to identify present opportunities to take an advantage of and have a control on the threats the external business environment may pose.

According to Hitt and Ireland (1985), competitive strategy formulation is based on proper research and study of both the changes in the external business environment and customer's preferences and tastes. The organization should therefore do a thorough analysis to make sure they understand what kind of environment they are operating and have a clear understanding of their customers to exceed their expectation. Organizations keep re-evaluating their strategies from time to time, because they operate in an ever-changing environment. Organizations have to match their strengths alongside the present and up-coming opportunities and threats as well as having a control on their weaknesses to excel in the existing in the ever-changing environment.

In previous studies, research has shown that, organizations that keep reviewing their strategies in response to changes in the external business environment standout and have a record of higher performance rate in comparison to the organizations that uphold previous strategies in response to new opportunities and threats in the trending environment. Every organization must be on alert and able to move swiftly in their strategy formulation and adaptation to changes in the market environment. Organizations should develop new tactics to enhance the strategies and have proof

that they are not working to the organization's advantage, competitor's drastic changes, trending opportunities in the market, fluctuating consumers diverse needs, tastes and preferences, and technology advancements. Therefore, an organization's strategy progressively grows from operational management to adaptation of definite strategy components that respond to the unstable environment (Mintzberg, Lampel, Quinn, and Ghoshal, 2003). According to Ansoff and McDonnell (1990), an organization's responsiveness is measured when the organization is able to match its capabilities against the environmental instability.

According Thompson, Strickland, and Gamble, (2007), the management team must be able to assess their organization's business visions by having answers to these three questions, what is the organization's current situation? Where does the organization plan to go from its current situation? How should it get there? With the following factors in mind; existing industry environments and competitive forces, market positioning with recent performance, resources, capabilities, strengths and competitive weaknesses aid in managers to asses and evaluate current situation of the organization .Secondly, mangers must determine and be decisive on the direction that the organization should take. Their main goal should be to satisfy all their stakeholders' needs, tastes, and Preferences as they develop what kind of changes they need in the organization. Thirdly, the management team must formulate and implement strategies that would ensure the organization steers to the desirable direction to maintain business growth and improve on its market niche and financial performance.

2.4 Organizations and the Business Environment

Organizations are environmental serving thus considered as environment dependent. They are highly contingent on the environment for their input resources and generated outputs. The input resources include resources such as physical, human, and financial resources, while generated outputs include products and services. External business environment comprises of group of individuals and those factors outside the organization that affect the organization's ability to operate smoothly and the organization has no control on. Due to the dynamic nature of the external business environment, organizations need to constantly monitor and adapt to the rapid external changes. Organizations should conduct an environmental scanning in the internal and external business environments. The internal environment includes factors such as Resources, Skills Available and Capabilities while in the external business environment the factors are, technological changes, laws and regulations governing competition, market segments, and supplier–buyer bargaining power, social cultural, political and economic conditions.

The link between an organization and the environment can be guided by mainly two theories, which are; Contingency theory is based on behavior that asserts that there is no paramount approach on how to make assessment and unify a firm. It identifies that the managers do not function in vacuity, thus the managers must respond and adjust to the present conditions at hand. According to Bateman & Zeithaml, (1993), it opposes that the management structures, strategies, and processes that lead to high performance are subject to the features and imperative contingencies of the state at which they are applied. Therefore, it recommends that managers can also change the conditions and fit the conditions to the firm.

Open system theory looks at the organization as a multifaceted establishment of various interdependent components that have a relation with its external business environment. Thus, an organization functions as a system that borders and interrelates with its environment by adding value to the inputs and through the transformation process to generate and deliver outputs to the environment. According Bateman and Zeithaml (1993), organizations are open systems that are affected by its external business environment and in-turn the organizations affect their external business environment. The external business environment is important for the survival of any organization. Organizations must adjust to changes in the environment or they perish. Stoffels (1994) also emphasizes that an organization does not operate in seclusion from its environment but it actually interrelates with its environment. He adds that, an organization attracts the required resources necessary for its operations from the environment, and that the nature of the elements of their business environment dictates the movement of the inputs and outputs. Porter (1985), states that organizations that do not rapidly adjust to the ever-changing environment are probable to undergo a downfall and become inapt.

2.5 Strategic Responses to Environmental Changes

According to Ross (2011), Strategic Responses are decisions made that concern the entire organization's environment that it operates in, the individuals that constitute organization and the entire available resources and the border between the two. Strategic responses help the organization to have a control over the increased turbulent and unstable macro and micro environments and which entails innovative venture advances, financing and business policies and long range forecasting. Strategic responses ruminate on what the organization requires in the future to obtain their anticipated goals and objectives and then they create a methodology that will

meet those changes bearing in mind all the hindrances of change, enablers of change, and the significant players. The guiding principle here is how the entire organization can maintain effectiveness, which needs more resources for implementation to be a success.

Organizations operate in an open system with various factors having to influence the direction of the organization. Organizations have no guarantee for prosperity and survival due to increased competitive nature of the industries in the environment therefore has to come up with strategic responses (Johnson et al 2008). Ansoff (1965), states that when an organization flops at responding to a threat, the damages that arise keep accruing. Thus, Porter (2005) discerns that an organization to maintain a competitive edge, the organization needs to carry out environmental scanning for both internal and external business environments and be able to respond appropriately. Therefore for an organization to have an effective strategic response they need to be well versed on the potential effects of the modest changes upon individuals and how to react to the probable sources of change resistance. Due to rapid changes in the environment, Ross (2011) emphasizes too that strategic responses are quite essential in evading obsoleteness of existing strategies.

Various scholars noted strategic responses are subjective to various factors like mission, vision of the organization, leadership styles, corporate cultures, attitude towards risk management, previous strategies, time management, stakeholders expectations and the significant managers' aspirations (Johnson et al., 2008; Wheelan and Hunger, 2008). Therefore, acquiring a distinctive assortment of value is through having various set of actions to attain a competitive strategy (Mintzberg et al., 2003). There are three generic strategies; Cost Leadership, Focus and Differentiation strategies that an organization can embrace to cultivate a competitive edge over its

rivals in the turbulent environment (Porter, 1980). They are practical at the business unit level. Thereby organizations can decide either to focus on the low cost leadership or product and service differentiation strategies. Cost Leadership strategy, when an organization attains a lower cost than its competitors can attain and capable of competing across various market segments. This strategy is favorable to organizations that are price sensitive as it leads to expansion of the customer market share.

Differentiation strategy, when an organization chooses to supply a range of products and services to both their current and potential customers. This strategy is best when an organization identifies different tastes, expectations, and preferences from their customers as standardized products and services cannot meet their wants and needs (Thompson and Strickland 2001). Differentiation in services is through various approaches, using technological advancement to deliver services or products, customer association perception, and use of distinctive features for the product and service mix. Focus strategy, when an organization decides to mainly deal with a certain level of customers or a certain number of customers in a specific cluster market.

2.6 Empirical Studies and Research Gaps

Organizations ought to be attentive with what is going on in the external business environment to be able to curb the challenges the business environment poses. Every business operates in a particular environment that includes general environment and competitive environment. In this case, the general business environmental factors for organization includes, political, economic, social, technological, environment, legal. The competitive business environmental factors include customers, creditors, suppliers, competitors, and substitutes. The hospitality industry is a major source of

tourism revenue income in Kenya. The hospitality industry faces various challenges like, insecurity, technological advancement, political and economic instability.

Previous studies conducted in other industries and hospitality industry were response strategies adopted by the organizations to changes in environment as a whole. Other researchers locally, Ayele (2012) and Richard (2013) have conducted studies on strategies adopted to gain competitive advantage. Internationally, various researcher have conducted on the role of strategy in competing successfully with other hotels Enz (2011). In contrast, none has focused in bringing out the interdependent relationship that the organizations and the external business environment have. Therefore, this study seeks to understand the interdependent relationship that exists between organizations and their external business environment and strategies adopted for survival and success. The purpose of this study is to investigate the kind of external business environment the organization operates, its relationship with the external business environment and how it has adjusted and amended its strategies in response to the opportunities and threats in the external business environment.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter will consist of the research methodology used in the study. Research methodology shows and explains the research design used in the study. It explains the data collection methods and instrument, type of data collected, and how data was analyzed, interpreted, and presented.

3.2 Research Design

The researcher used a case study for the research design. A case study is an authoritative procedure for qualitative analysis that achieves and aids in conducting an in-depth research on the objective of the study irrespective of what type of unit is under study (Kothari 2005). According to Mugenda and Mugenda (2003), a case study is viewed to be the most appropriate methodology where an analysis of a particular element is required to be comprehensible and thorough because it will deliver a vague phenomenon to have a comprehension that is focused and comprehensive.

The study is of qualitative nature thus the researcher used a case study as the research design. Therefore, the researcher used an interview model because its best suited for the case study design. This enabled the researcher to find out more information on what strategies that have been adopted by Sarova Group of Hotels in Kenya in response to changes in its external business environment without any limitations on the information.

3.3 Data Collection

The study used both primary data and secondary data. Primary data is the most appropriate type of data, as it will provide credible information for the purpose of the study, which will not be ambiguous for the purpose of the study (Kothari, 2005). The primary data was collected through an interview using an interview guide. The interview guide is a set of questions that the respondents will provide information to the interviewer. An interview guide aided the researcher to collect the primary data that contained open-ended questions with an aim of obtaining both quality and quantity information.

The target respondents of this study were the top level managers and head of departments at Sarova Group of Hotels. These included the Human Resource, Information and Technology and Marketing departments. The managers and the heads of the department targeted were eight representing the Sarova hotels in the Sarova Group of Hotels in Kenya. This enabled the researcher to collect data that is credible from the Sarova Group of Hotels and thus make appropriate conclusion on its responses in changes in external business environment. This is because they have the right information and are well versed on the strategies they have adopted in response to the changes in the external business environment. The secondary data was collected based on the available publications and information of the organization. The secondary data enabled the researcher to obtain more information and lay emphasis on the strategies adopted by Sarova Group of Hotels in response to changes in the external business environment.

3.4 Data Analysis

Data analysis is the process of checking, cleaning, converting, and forming data with an aim of emphasizing on useful information, proposing conclusions, and supporting decision making where needed. The nature of the data collected was qualitative therefore; we used content analysis to analyze the data. Content analysis is the analyzing of objects that are of qualitative nature or description that are objective in the study (Mugenda and Mugenda, 2003). According to Cooper and Schlinder (2003), Content analysis was used to ascertain the concentration, purpose or communication inclinations of the respondents, define their response behavior and attitude towards communications and lastly to define psychosomatic or the emotional responsive state of the individuals at hand.

Content analysis is useful as it scans through the intensity with which particular words or arguments have been used. The data obtained from the open-ended questions was assessed and confirmed based on the content of the data, as it gave a clear perception of what the top management value and put in place. The data collected was analyzed and evaluated to archive information that is useful, credible, consistent, and adequate in relation to the research questions and objective of the study. Therefore, aided in achieving respondents' views on what strategies Sarova Group of Hotels in Kenya have adopted in response to changes in the external business environment.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the findings and data analysis of the case study. The study determined the strategies adopted in response to changes in the external business environment and the environmental changes in business faced by Sarova Group of Hotels. The findings were based on the response from the interview guide and the information gathered through the interviews and documentation review. Each section of the analysis presents the interviewees' views concerning the various strategies that were specific to the study.

4.2 Interviewees' Position and Information in the Organization

The study required the interviewees to indicate their positions in the organization. In this case, the interviewees held top management levels in capacities as senior managers, marketing managers, operations and information and technology executives. Who were well represented based on gender equality; the interviewees were three males and three females, all of whom have worked in the organization for the last eight years. The highest level of education the interviewees have achieved is Master of Business Management while the lowest level is undergraduate in their respective areas of specialization in the organization.

This denotes that the interviewees were drawn from all teams in the management at Sarova Group of Hotels, therefore collecting divergent outlooks regarding the requirements of the study. The interviewees shared their opinions predominantly on the bases of their expertise and experience on the several strategies adopted by Sarova Group of hotels in Kenya in response to changes in the external business environment.

The products and services offered by Sarova Group of Hotels in Kenya are hospitality, accommodation, outside catering, concierge services like airport transfers, food and beverage and health and wellness.

4.3 Strategies Adopted by Sarova Group of Hotels in Kenya in Response to Changes in the External Business Environment

This part sought to establish the strategies adopted by Sarova Group of Hotels to counter the changes the external business the environment presents, factors that influence their choice of strategy to adopt, outcomes of the strategies adopted. How they have used the PESTEL tool of analysis to come up with strategies, Differentiation strategies in use to set themselves apart from the other hotels in the industry. Lastly, sought to establish the effect resulted by the adoption of these strategies through growth and expansion, increased profits and increased level of efficiency in the organization.

4.3.1 Strategies Adopted by Sarova Hotels in Response to Changes in External Business Environment

The Sarova Group of Hotels has certainly adopted the best of strategies in order to respond to the changes in the external business environment over the years. Being in a service hospitality industry, it goes through the business or economic cycle, that is boom, recession, slump, recovery, boom, and finally recession, the cycle goes on. With this kind of cycle the hotel has to plan and manage itself prior to the cycle, stages for it survive in the market. Therefore, the organization has to come up with strategies to survive in the turbulent external business environment. These strategies include; technology; diversification; strategic alliance; and market positioning.

Sarova Group of Hotels has been able to manage their technology through various means. They have used this to cut on their costs by improving their efficiency and effectiveness and still offer services that are desirable by their customers. Sarova Hotels have managed this through the setting up of the Shared Service Centre which aids in achieving a reduction in operating costs and contributes to improvement in operational efficiency .this has made processes get streamlined and have a single site to avoid some challenges like delays in processing and paying suppliers, high costs for courier services. With this, concentration of homogenous tasks in a shared service center brings economies of scale and there is a tremendous decrease of costs, which is the main reason why the hotel came up with the Shared Service Centre. In the day-to-day operation of the hotel, this service has enabled the hotel to be more effective and efficient by releasing funds and resources to improve their service delivery to clients and suppliers. Sarova group of hotels have customers who are looking for quality service of a five star hotel, for example the use of the concierge services, and online reservations. Therefore, they have to keep up with the technological advancements to gain a competitive advantage in the changes they are facing in their external business environment. Thereby, ensuring that customers and suppliers expectations are met through optimal use of the systems available.

According to the findings, Sarova Group of Hotels has realized that they could increase their market share and revenue through diversifying and add new products and services. Through these, they provide and increase new opportunities to offset seasonal fluctuations and spread risk. The study shows us that the main products or services for the organization are hospitality, food and beverage and accommodation, but Sarova Hotels have been able to diversify into other products like outside catering, concierge services like airport transfers, and health and wellness, contemporary

entertainment, for the business, they offer conference and seminar settings and lastly shopping arcades. Other diversifications, is Sarova Hotels have collaborated with domestic and international airlines; Kenya Airways, Air Safari and Safari Link and the Ethiopian and Rwanda Airlines, respectively. This is to make sure that during off peak seasons they are able to earn revenue and sustain the daily operations of the hotel.

According to the findings, Sarova Group of Hotels has had to come up with strategic alliances for it to respond to the changes in the external business environment. Some of these strategic alliances are collaborations with travel agents who help in transferring of clients to the hotel. These alliances enable the organization access its capabilities and hence result in growth and prosperity. In this case, Sarova Group of Hotels is in a strategic alliance with Pollman's tours and travels for a certain period. The main aim for this strategic alliance was to have the two properties, that is, Taita Hills Lodge and Salt Lick Lodge join Sarova Group of Hotels chain. On the basis, that Sarova Group of Hotels to manages the two properties and in turn, Pollman's tours and travels would market and bring more tourists for the hotel. Strategic alliance is all about corporate learning, sharing of knowledge and embedded skills to improve on performance of the organization and responds to the external business environmental changes, which will lead to reduction of political and financial risk.

According to the findings, Sarova Group of Hotels has used market positioning to their advantage to respond to the changes their market presents in the external business environment. The hotel has managed its market positioning through; staff training; safety and security; geographical positioning; target market and quality customer service. The hotel ensures that they have wide coverage geographically to cater to both the international and local tourists. The target market for the hotel is the

up-market .staff is trained and well skilled to ensure that their clientele is well served and treated to the manner they expect. Safety and security of customers comes first, so they ensure they have the right workforce and systems to assure the tourists' safety and security. Lastly, the quality of the customer service has to be top-notch for there to be customer loyalty.

4.3.2 Factors that Influence Choice of Strategy Adopted by the Hotel and their Outcomes

The Sarova Group of Hotels takes into consideration several factors that would influence their choice of strategy to bring out positive outcomes. The following are some of the factors that they do consider. Competition is what their competitors are doing to similar changes that they are facing in the external business environment. The organization needs thus be ahead of their competitors to be able to know how the competitors are dealing with the changes in the environment for them to come up with better and less costly strategies to respond to the changes in the external business environment. This is done through market research where the organization knows the ins and outs of the industry, thereby leading to Sarova Group of Hotels have market penetration in the local and international market, increased customer base, increased revenues and continuous award winning in many categories that is energy, food services in outside catering and staff recognition.

The vision of the organization is a factor that highly influences the choice of strategy at the Sarova Group of hotels. The organization's vision is "To be the preferred hospitality company, in the ownership and management of hotels, resorts and lodge in the key markets of Africa". This gives the entire organization the hope to remain focused on their main goal. With this focus on their vision and goals, they are able to acquire the right qualified work force to aid in achieving their mission and stay in line

to their vision. Thus leads to increased customer loyalty and have great publicity locally and internationally.

The influence of the external business environment is a huge factor in influencing the choice of strategy to be adopted by the hotel. This is due to the impact caused by the external business environment, organizations are open systems, which interact with their environment, and the environment helps to shape the organization. In the performance of an organization, the environment is a key success factor (Porter 1981). In addition, due to this factor there has been a continuous flow of business, as none of the hotels has been closed regardless of the low business in the tourism and hospitality industry in the country.

Publicity of the hotel is an influencing factor in choice of strategy the hotel should adopt. This is because of the far-reaching effects to the public both local and international market. The great publicity both to the local and international markets makes it easier for the hotel to identify and customers to associate with the hotel. Thus leading to large customer base and increase of customer loyalty and increased revenues.

Lastly, the cost factor has great influence in the choice of strategy to adopt. The cost of doing nothing could have effects that are more diverse; here we apply the "What-If Analysis". This will enable the organization to plan and mange itself, it helps in the understanding of the implications of changes in the factors that influence the organization when it comes to making important decisions for the organization. In this case, the hotel should be able to know what would be the outcome if there was change in the exchange rates and what would be a result of increase or decrease in the organization's costs.

4.4 External Business Environment Changes Sarova Hotels Face

This part sought to establish the external business environmental changes the Sarova Group of Hotels in Kenya faces. The interviewees clearly indicated the kind of environment they operate in using the PESTEL Tool of Analysis and how they have responded to these changes. This is evidently seen as follows: Politically, the devolved system in the government has affected business in each of the key locations, both positively and negatively. Businesses are now done county wise and the central government no longer makes business decisions. Increased levies and fees by the county government increase the cost of doing business. Hague case on post-election violence has given us low rankings hence those who value negative reporting have and may continue shunning from leisure travel.

Economically the shilling has continued to lose its value to the main currencies especially the dollar hence not good for the business as the budgets are done based on the shilling. The rate of inflation has increased the cost of food and most commodities for example electricity, water, and gas. Investors have been seen to increase interest in hotel business and international brands that have come in for example Kempinski, Dusit D2, and Radisson. The competitors reduce the market share but it is good for the country.

Socially, travel has been affected by demographics where the middle-aged have other preferences rather than hotel spending. Peer pressure determines where and what people can for example travel. Rate of dependency on the Kenyan population affects spend as most employed citizens could be taking care of the younger siblings and parents that could be unemployed. People do business with people they know.

Technology is changing by the day and the hotel has to be present on every area both operationally and in all its communication arenas. Social media is causing travel more or less depending on what customers post or review the hotel to be. Delay in responding to any communication or feedback whether negative or positive has had its impact for example through the Trip Advisor.

Concerning the environment, certification by the key government bodies like the Kenya Bureau of Standards and National Environment Management Authority, is critical for the business as they dictate if the business can thrive or slow depending on the recommendations given. As their work is to safeguard and enhance the quality of the environment through coordination, research, facilitation, and enforcement while encouraging responsible individual, corporate, and collective participation towards sustainable developments. Thereby, providing internationally recognized standards, measurements and conformity assessment solutions that meet customers' needs. Dirty environment degrades the location of a business. Cost of water and electricity plus food based on the weather affects the cost of running the hotel. Legal disputes or issues are within the trade partners or staff is detrimental to the business.

4.5 Discussion

Discussions of the findings in this study are presented in comparison with the theoretical foundations and other studies done on strategies and response to the external business environment.

4.5.1 Comparison with Theory

According to the environment dependence theory of organizations, organizations exist in a framework of a very dynamic environment, which affects how an organization performs and in turn how it is affected by how the organization interacts with the

environment. The researcher clearly finds out that the Sarova Group of Hotels has acknowledged and identified with the environment dependence theory of organizations. For the growth and prosperity of the Hotel it needs the suppliers; and customers who are the tourist, for the interdependent relationship to exist. Thereby, coming up with strategies that will ensure smooth operations and achieving the best quality in customer service.

The resource based view theory explains every organization has its resources and capabilities and that should be exploited and utilized properly for the organization to come up with strategies that respond to the changes in the external business environment, thus contributing to a competitive edge. The researcher found out, that the hotel has made sure that it acquires and outsources the best resources from the right suppliers, at a lower cost and still be able to meet the customers' needs. With the right resources and identifying their capabilities Sarova Group of Hotels are able to come with the appropriate strategies to respond to the changes in the external business environment.

4.5.2 Comparison with Empirical Studies

Previous studies conducted in other industries and hospitality industry were response strategies adopted by the organizations to changes in environment as a whole. Other researchers locally, Ayele (2012) and Richard (2013) have conducted studies on strategies adopted to gain competitive advantage. Internationally, various researcher have conducted on the role of strategy in competing successfully with other hotels Enz (2011).

In contrast, this study has sought to bring out the interdependent relationship that the organizations and the external business environment have. In this case, the

organization it is Sarova Group of Hotels in Kenya. Therefore, this study sought to understand the interdependent relationship that exists between the organization and its external business environment and strategies adopted for survival and success. According to the findings, the study reveals the kind of external business environment the organization operates, its relationship with the external business environment and how it has adjusted and amended its strategies in response to the opportunities and threats in the external business environment.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussion of the key findings, conclusions, and recommendations. Therefore this chapter presents the findings of the study with regard to the study specific aspects related to strategies adopted in response to the changes in the external business environment.

5.2 Summary of Findings

This part presents the summary of findings of the study. The objectives of the study was to determine the strategies adopted by Sarova Group of Hotels in response to changes in the external business environment and establish the environmental changes in business faced by Sarova Group of Hotels.

5.2.1 Strategies Adopted by Sarova Hotels in Response to Changes in the External Business Environment

The first objective of the study was to establish the strategies adopted by Sarova Group of Hotels in response to changes in the external business environment. Sarova Group of hotels is one of the leading hotel chains in Kenya and East Africa. Therefore, study found out that the growth of the hotel chain is attributed to the adoption of the following strategies technology, diversification, strategic alliance, and market positioning. These strategies are adopted by the Sarova Group of hotels in response to the changes in the external business environment. The organization has been able to set itself apart from the other players in the industry. Thus, be able to

achieve excellent customer service, strong online presence, well-trained staff programmes, great detailed fresh culinary food, and flexible rates.

Through the above differentiation strategies the hotel has seen itself increase profits with the adoption of these strategies and experienced growth and expansion through increase of customer base, and growth locally by increasing revenues year on year. Over the years, the hotel has achieved an increase in its level of efficiency. This is quite evident through cost cutting measures, which increase profitability, less wastage, optimal use of systems, having the right people for the right jobs and centralizing key functions that do similar jobs.

5.2.2 External Business Environmental Changes Faced by Sarova Group of Hotels

The second objective of the study was to determine the environmental changes in business faced by Sarova Group of Hotels. The interviewees clearly indicated the kind of environment they operate in using the PESTEL Tool of Analysis and how they have responded. In summary the study evidently established the following after the use of the PESTEL Tool of Analysis.

Politically, Sarova Group of Hotels run all its operations in Kenya in different counties and each has its way of how they run their county government. As Sarova cannot operate in isolation, the following have been put in place to enable a win – win environment both for the environment and for the Sarova Group of Hotels. They have enhanced relationship from the county governments all the way to the national government with the various heads of departments to create a friendly environment. There is creation of packages that cater for the needs of the government especially in areas of conferencing, outside catering and accommodation. There are also partnerships with the tourism departments within the counties in support of

promoting, increasing, and sustaining tourism. The Sarova Group of Hotels is given special domestic rates that encourages the locals to visit the various lodges, camps, and resorts and especially over the holidays and long weekends. They have been neutral in support of individuals who express interest in leadership positions but participate in ensuring that the right manifestos are supported. Politics aids in spear heading in advising the counties to diversify the various attractions and shout about them to the rest of the counties and more so the members of the particular council from the traditional attractions of wildlife to promotion of culture, sports, agriculture, education and sceneries

Economically, Sarova Group of Hotels employs most of the low skilled personnel from the local communities, which enables them to get some money that is in turn taken back to their homes for development and support for their families. Compliance to taxation for all sales made including income tax for the employees. This ensures the organization is in good books with the government. This also covers the marketing of Kenya as a tourist and holiday destination to all the markets Sarova Group of Hotels sells to within the African Region and abroad. There is participation in the activities and tasks planned by the Ministry of Trade that are geared towards tourism growth.

Socially, Sarova Group of Hotels gives back to the community through participating in activities that put the organization close to the people through; supporting health and education sectors. This ensures that first the people that they serve and those that surround them are healthy, then get to have them educated on the most basics of areas where people may be ignorant at for example cleaning of hands , which if not done properly can spread diseases that can cause sickness and to some extent death.

They are also participants in campaign being run by the government or other bodies like polio vaccination, Heart run, and Diabetes walk.

Technologically, the Sarova Group of Hotels is aware that without advancement in technology, nothing much can be achieved in any area of the hotel business without its applications. The hotel has heavily invested in having software that caters for information gathering (research) and getting market intelligence on what exactly the customers are looking for, what their needs are, their preferences, and anything that can assist in having more customers to their hotels in comparison to the competition. The use of software is also applied in procurement, reservations, reception, security restaurants that are able to give enough reports to the business to make better decisions, increase efficiencies Security Scanning Machines and Digital Cameras and Materials Control.

Environmentally, every organization operates in a particular environment that needs conservation to take care of the environment. Sarova is heavily involved in energy conservation, water conservation, afforestation and having a clean environment that is comfortable and suitable for all to live in both human and animals. Sarova Group of Hotels has a dedicated team that purely meets once a week in every hotel to go through environmental issues and concerns raised by staff and overall public. Hence, comes up with measure of rectifying and teaching all to be mindful of what and where each takes a part in. they participate in campaigns such as "Save the Elephants", "Save the Rhinos", tree planting and cleaning days. They participate in energy management awards, which are vetted and voted for through a selected body from the ministry of energy. It ensures that the organization is very clear and aware of what needs to be done in order to participate and become winners of such which has been the case for the last three years (winners in various categories). They involve guests in

becoming champions of the environment by placing environmental comment cards in the rooms on water usage, energy, and chemicals.

Legally, Sarova Group of Hotels does take their legal position seriously. Therefore, compliance is key in all aspects of operating the business and Sarova ensures that it has all the right trading licenses that are required and seeks clarity when contracting with third parties in all that it does to ensure its falls within the set parameters by law. Thereby supports the implementation of the constitution both for business and the employees, thus does back up of every event in writing and ensures safe custody of the same.

5.3 Conclusion

From the data collected, this research concludes that Sarova Group of Hotels faces a turbulent external business environment from the tourism and hospitality industry and the organization requires adopting strategies in order to respond to the changes. The study was able to conclude that due to the turbulent external business environment Sarova group of hotels has understood the environment they operate in and thus have come up with strategies to respond to these constant changes adequately and timely. Thereby, gaining a competitive edge over its competitors and being a leader in the market.

The results of this study are consistent with the literature review, which clearly explains that the environment is full of opportunities, and threats, thus well adept managers will find target markets that will be fit for the goods and services, with capabilities that the organization will be able to offer (Johnson and Scholes, 2002). The remote environment, operating environment and industry environment constitute to make the organization's business environment. Therefore, the organization has to

conduct an environmental scanning to know how to respond to the ever-changing business environment.

In conclusion, the study clearly shows that the organization and the environment are in a framework where the rationale of the interdependent relationship exists between the organizations and the external business environment. Therefore, organizations need the environment while the environment needs the organizations, none would be in existence if deprived of the other, because they have an interdependent relationship. For their interdependent relationship to survive the organization has to come up with strategies to adopt to respond to the changes in the external business environment.

5.4 Recommendations

The study recommends that organizations need to adopt to strategies that are easy to implement and at the same time have a positive respond to the changes in the external business environment. An organization's survival is highly dependent on the strategies adopted in the particular external business environment it exists in. The study recommends that there is need for an organization to plan and manage its strategies from the formulation all the way through evaluation to respond to the turbulent business environment successfully.

Organizations that do not have experience on what strategies to take on to respond to the changes , can as well outsource strategy researchers and consultants to help them out understand the organization's external business environment and come up with strategies to implement with regard to how capable the organization is. In this study, the researcher found that, having proper implementation of the right strategies will aid in an organization enjoying the opportunities the external business environment

provides. This enables the hotel to benefit from enhancing their image, economies of scales, customer loyalty, increase in profitability and less wastage.

This study further recommends that organizations require structuring an independent unit for strategy that will police the strategies formulated, how they are implemented and monitored and evaluated. This will aid in assuring that strategies formulated and implemented are a total success and to see growth of the firm.

5.5 Limitations of the Study

Various challenges could have different effects on the results. Respondents gave answers that varied depending on how well the questions were understood. Thus, some respondents were not able to give detailed responses while others were willing to share and gave detailed responses. The time allocated for data collection was a huge challenge because of tight schedules by the heads of departments and the timelines by the University to carry out the research. Therefore, we could not come up with all-inclusive information on the research of all the strategies adopted. For the purpose of the study, this limitation was abated by focusing on respondents who are in the top-level management positions to obtain adequate information.

This was a case study, therefore the research findings cannot be generalized because it was a study on an organization from a particular industry. Thereby resulting to data collected to be different from the responses strategies adopted by other organizations in response to changes in the external business environment. This is because different organizations in different industries adopt different strategies in response to the changes in their different external business environment.

5.6 Suggestions for Further Research

This study focused on Sarova Group of Hotels in Kenya. However, with evidence of the strategies adopted in response to the changes in the external business environment, further studies should be done to bring forth comparison between the different strategies adopted by other companies in the hospitality industry in Kenya. This comparison of strategies will aid in identifying the commonly used strategies by firms in that industry in Kenya and how they respond to changes in the external business environment. Thereby, providing more insights on the best strategies to adopt to cope with the changes in the external business environment for the companies in that particular industry.

Further studies should be done using different research instrument to attest whether the research will result to similar findings. Other factors to be considered in variation are the number of the respondents, time period allocated to collect data from the respondents and the form of research design to be used. Other than using an interview guide to collect data, the study suggests the use of a questionnaire, because the respondents will have adequate time to give exhaustive well thought-off responses.

REFERENCES

Ansoff, I., (1965). *Corporate Strategy*. New York, NY: McGraw-Hill.

Ansoff, H.I., & McDonnell, E.J. (1990). *Implanting strategic management*. New York: Prentice Hall.

Aosa, E. (1998). "The Leadership Challenge facing Kenyan Organizations". *The Accountant: Journal of the Institute of Certified Public Accountants of Kenya, January -March.*

Ayele, A. (2012). *Positioning Strategies Adopted by Five Star Hotels in Nairobi, Kenya* (Unpublished MBA Project), University of Nairobi, Nairobi, Kenya.

Bateman, T.S., & Zeithmal, C.P. (1993).*Management: Functions and Strategy*. New York, NY: Irwin.

Cooper, D.R., & Schindler, P.S. (2003). *Business Research Methods (8ᵗʰ Edition),* New York: McGraw-Hill.

Deloitte (2010). *Hospitality 2010: An in-depth report into driving shareholder value in the hospitality sector.* The Creative Studios at Deloitte.

Domke-Damonte, D.J. (2000). The Effect of Cross Industry Cooperation on Performance in the Airline Industry. *International Journal of Hospitality & Tourism Administration,* Vol.1 (1).

Enz, C.A. (2011). *Competing Successfully With Other Hotels: The Role of Strategy*. Cornell University.

Grant, R.M. (2005). *Contemporary Strategy Analysis, 7ᵗʰ Edition,* Blackwell Publishers.

Hax, A.C., & Majluf, N.S. (1996). *The Strategy Concept and Process: A Pragmatic Approach, 2ⁿᵈ Edition.* New Jersey: Prentice Hall.

Hitt, M.A., & Ireland, R.D. (1985). Corporate Distinctive Competence, Strategy, Industry, and Performance. *Strategic Management Journal Vol* 6: pp. 273-293.

Johnson, G., & Scholes, K. (2002). *Exploring corporate strategy*. 6ᵗʰ Edition. London: Prentice Hall.

Johnson, G., Scholes, K., & Whittington, R. (2005). *Exploring Corporate Strategy: Text & Cases,* London, Prentice Hall.

Johnson, G., Scholes, K., & Whittington, R. (2008). *Exploring Corporate Strategy (8th Edition.)* Singapore: Prentice Hall.

Kenya National Bureau of Statistics, (KNBS 2012). *Economic Survey*. Nairobi: Kenya National Bureau of Statistics.

Kothari, C. R, (1990). *Research Methodology: Methods and Techniques. 2nd Edition* Wishira Prakashan.

Kothari, C. R. (2005). *Research Methodology: Methods and Techniques.* New Delhi, ND: New Age International Publishers.

Kotler, P. (2000). *Marketing Management: Analysis, Planning and control.* Engel Wood Cliffs: Prentice Hall.

Mintzberg, H., Lampel, J., Quinn, J.B., & Ghoshal, S., (2003). *Strategy Process: Concepts, Contexts, Cases,* Pearson Education Limited England.

Mugenda, O., & Mugenda, A. (2003). *Research Methods: Qualitative and Quantitative Approaches*. Nairobi: Africa Centre for Technology Studies (ACTS) Press.

Musembi, C. (2014). *Competitive Strategies Adopted by Tribe Hotel in Nairobi, Kenya,* (Unpublished MBA Project). University of Nairobi, Nairobi, Kenya.

Olsen, D., West, J. and Tse, C.Y., (2008). *Strategic Management in the Hospitality Industry,* 3rd Edition. New Jersey, NJ: Prentice Hall.

Orsato, R. J. (2006, December). What does it pay to be green? *California Management Review,* 48 (2), pp.127-143.

O'Regan, N., Kling, G., Ghobadian, A., & Perren, L. (2012). *Strategic Positioning and Grand Strategies for High Technology SMEs.* Strategic Change, 21, 199-215. http://dx.doi.org/10.1002/jsc.1904.

Pearce, J. A., II, & Robinson, R. B., Jr. (2000). *Formulation, Implementation and Control of Competitive Strategy*, 7th edition, Chicago, IL, Richard D. Irwin, Inc.

Pearce, J.A., & Robinson, R. (2005). *Strategic Management: Strategic Formulation and Implementation. 3rd Edition.* Boston: Richard D. Irwin Inc.

Pearce, J.A., & Robinson, R.B. (2011). *Strategic Management: Formulation, Implementation, and Control*. 12th Edition, Singapore: McGraw-Hill.

Pearce II, J.A. & Robinson, R. B., (2011). *Strategic Management; Formulation, Implementation and Control,* USA: McGraw-Hill.

Porter, M.E. (1980). *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. New York, NY: Free Press.

Porter, M. E (1981). 'The contribution of industrial organization to strategic management' *Academy of Management Review* Vol. 6(4) pp. 609-20.

Porter, M.E. (1985). *"Competitive Strategy",* New York, NY: The Free Press.

Porter, M. E. (2005). Sustaining a Competitive Advantage, New York, NY: Free Press

Richard, M. (2013). *Strategies Adopted by Sarova Hotels Group Ltd in Kenya to Gain Competitive Advantage* (Unpublished MBA Project). University of Nairobi, Nairobi, Kenya.

Ross, R.G. (2011). Operational business decisions - whose decisions are they anyway? *Business Rules Journal, Vol. 12, pp.* 283-305.

Russell, R.S., & Taylor III, B.W., (2003). *Operations Management,* New Jersey, NJ: Prentice Hall Inc.,

Sarova Hotels (2014). Retrieved from http://www.sarovahotels.com

Sindiga, I. (1995). *Domestic Tourism in Kenya. Annuals of tourism Research* Vol. 23 (1), pp. 19-31.

Stoffels, D. J. (1994). *Strategic issues management: a comprehensive guide to environmental scanning.* New York, NY: Pergamon.

Thomson, A.A., Jr., Strickland III, J. (2001). *Strategic Management. Concept and cases 12th Edition.* New York, America: McGraw-Hill/Irwin Inc.

Thomson, A.A., Jr., Strickland III, J., & Gamble, J.E. (2007), *Crafting and Executing*

Strategy: The quest for competitive advantage*,* New York, NY: McGraw-Hill Irwin.

Thomson, A.A., Jr., Strickland III, J. (2008). *Crafting and Executing Strategy:* The quest for competitive advantage*,* New York, NY: McGraw-Hill Irwin.

Wheelan, T.L. & Hunger, J.D. (2008). *Strategic management and business policy*. *11ᵗʰ Edition*. London: Prentice Hall.

Xi, Y., Zhang, X., & Ge, J. (2012). Replying To Management Challenges: Integrating Oriental and Occidental Wisdom by Hexie Management Theory. *Chinese Management Studies*, Vol. 6, pp. 395-412.

APPENDICES

Appendix I: Interview Guide

PART A: GENERAL INFORMATION

1. Gender of respondent: (   ) Female   (   ) Male

2. Please indicate your position / title in the organization structure.

3. How many years have you worked in the organization?

4. What is the highest level of education you have achieved?

5. What are the various products offered in this organization?

6. What are the various services offered in this organization?

PART B: STRATEGIES ADOPTED IN RESPONSE TO CHANGES IN THE EXTERNAL BUSINESS ENVIRONMENT BY SAROVA GROUP OF HOTELS IN KENYA

1. What are the external business environmental changes that the hotel faces?

2. What strategies does Sarova Group of Hotels in Kenya apply in response to the changes from the external business environment?

3. What factors influence the choice of strategy to adopt in response to changes in the external business environment?

4. What are the outcomes of the strategies that have been adopted so far?

5. Using the PESTEL Tool of Analysis, what strategies has the hotel adopted to the respective factors of external business environment?

6. What specific differentiation strategies has your hotel been using to set itself apart from the other hotels? I.e. what are you doing different from other hotels?

7. Has the hotel been able to increase profits with the adoption of these strategies?

8. Has the hotel experienced growth and expansion?

9. Has the hotel achieved an increase in the level of efficiency?

Appendix II: Introduction Letter from the University of Nairobi

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162 Telegrams: "Varsity", Nairobi Telex: 22095 Varsity	P.O. Box 30197 Nairobi, Kenya

DATE. 8th Sept 2015

TO WHOM IT MAY CONCERN

The bearer of this letter ...ROSELYID WAMBUI KAMICA.

Registration No...D61 72609 2014

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
08 SEP 2015
P.O. Box 30197 - 00100, NAIROBI

49

Appendix III: Self-Introduction Letter to Sarova Group of Hotels

Roseenid Wambui Kamica,

P.O Box 70135 – 00400,

Nairobi, Kenya.

1st September 2015.

Chief Executive Officer,

Sarova Group of Hotels,

P.O Box

Nairobi, Kenya.

Dear Sir / Madam

RE: PERMISSION TO COLLECT DATA IN YOUR ORGANIZATION

I am a student at University of Nairobi, Masters of Business Administration (MBA) in the School of Business. I am conducting a research study as part of my course work assessment titled "Strategies adopted by Sarova Group of Hotels in Kenya in response to changes in the external business environment"

I wish to request that you allow me to conduct data collection in your organization. The data collected and results shall be used strictly for academic purposes. A copy of the final project shall be availed to you upon request.

Yours Sincerely,

Roseenid Kamica.

Appendix IV: Sarova Group of Hotels Organization Profile

Sarova Group Hotels: Profile

INTRODUCTION

Sarova Hotels, set up over 30 years ago, are the owners, operators, and operators of this unique collection of hotels, resorts, and lodges. With an inventory of over 1000 rooms, Sarova Hotels is the leading player in Kenya's hospitality industry. The Sarova chain encapsulates the quintessential African experience; the Victorian age-old elegance of The Sarova Stanley and the epitome of neo-Africanism at Sarova Panafric, both in the capital city of Nairobi; the vast tapestry of nature at Sarova's bush lodges in the Mara, Lake Nakuru, and Shaba, or the coastal paradise of Mombasa that is Sarova Whitesands Beach Resort. An acacia tree in silhouette against a burning orange sky, Maasai loping after a lion in the windswept Savannah endless pulsing, surging columns of wildebeest migrating across rolling plains. These archetypal images might spring to mind at the thought of "Africa" but they actually belong to Kenya. Africa might be God's own country, but Kenya - home to the aristocratic Maasai, the majestic Migration and the great Safari – is gateway to the African experience.

Our Corporate Social Responsibility charter includes the protection of the environment and support of such causes as underprivileged children and women as well as the conservation of wildlife. These efforts have seen many of our properties receive national and international recognition and awards in tourism. Welcome, or as we say in Kenya, Karibu to the world of Sarova Hotels – Refreshing African Hospitality! Together with our stakeholders, we are taking Sarova Hotels to greater heights. With continuous developments, the launch of new brands and products as well as solidifying our presence as the leading hotel chain in East Africa, Sarova Hotels is certain to the brand of choice.

Our vision, mission, and values are designed to direct our developments.

Vision

"To be the preferred hospitality company, in the ownership and management of hotels, resorts and lodge in the key markets of Africa."

Mission

To Our Guests

"To engage with our guests and exceed their expectations with providing them with Sarova's offerings of products and services delivering Refreshing African Hospitality."

To Our Employees

"To make Sarova Hotels the Employer of Choice by offering employees a dynamic and challenging work environment which fosters personal and professional growth."

To Our Community

"To work with the communities within which we operate in areas of improving their lives through leadership driven corporate social responsibility charter."

To Our Stakeholders

"To deliver consistent value addition to our stakeholders"

SAROVA STANLEY

In Nairobi since 1902…. Intricately braided coiffures over smart business suits … rainbow of tiny beads threaded into a cell phone cover … the throb of the village market in the heart of the city… As Kenya's first luxury hotel, the Sarova Stanley has always occupied a special place in Nairobi's heart. From the day it opened its doors in 1902, it has been making history – hosting royal safaris, groundbreaking business events and a long line of legendary personalities such as Edward Prince of Wales, novelist Ernest Hemingway and Ava Gardner to name just a few. From the moment you pass through the century old revolving doors, you leave the heat and bustle of modern Nairobi for a world of cool Victorian elegance. From the grandeur of the presidential suite, to the chic and sophistication of the clubrooms or the contemporary functionality of the deluxe rooms. The Sarova Stanley has fine range of accommodation to choose from and an eclectic mix of dining and entertainment options. Today, as The Sarova Stanley enters its second century, it continues to make history , providing state-of-the-art services and facilities for business and leisure travelers including private meeting rooms, WIFI, executive ladies rooms , health and fitness facilities and a shopping arcade in an elegant old world setting . The attentive

yet unobtrusive staffs look after guest in a way that only a century of experience allows.

PANAFRICA HOTELS

A new dawn for Africa the awakening to freedom…

… Contemporary rhythms, ancient beat…

… A stage set for the new Africa…

When the quest for Africa's Independence raged in the 1960's, Sarova Panafric was the center of liberalism and hushed political meetings hosting many of Africa's nationalists and future African political leader. Named in honor of the Pan African movement, Sarova Panafric was inaugurated by the first president of Kenya H.E. Mzee Jomo Kenyatta on the 5th January 1965 and truly represents Neo Africa. Idyllically located 5 minutes' drive from the CBD, amidst beautifully landscaped gardens in a quiet suburb of Nairobi, Sarova Panafric offers 178 rooms in a range of standard, superior and suites – all recently refurbished and decorated in a contemporary vibrant African style. Enjoy leisurely meals at the lively and warm Flame tree restaurant, once the watering hole for the freedom fighters, spies and foreign correspondents and named after the Flame Tree that holds Pride of Place in the gardens. Sarova Panafric offers state of the art banqueting and conferencing facilities with a range of meeting and function rooms equipped with the latest audio visual and WIFI equipment .to wind up the day , take a dip in the pool or go for leisurely massage – or simply enjoy a cool drink to the soothing sounds of Africa's rhythm.

SAROVA WHITESANDS – BEACH RESORT

Mombasa…. Waves tug at toes that sink into white sands, the sun melts into the ocean... water so blue that it's hard to tell where the earth ends and the heavens begin… sounds of the waves breaking , a gentle breeze in the palm trees … One of East Africa's most exotic and best-known resorts, Sarova Whitesands Beach Resort is located in a dreamlike setting , on Bamburi Beach in the North Coast of Mombasa . A fusion of Swahili interiors and Arabic architecture, the resort is spread over 22 acres of exquisite gardens and has the largest beachfront on the North Coast overlooking an ocean teeming with unique marine life. Choose from a range of standard, superior and

suite accommodation, all with their own balconies or terraces and views of the pools or the balmy Indian Ocean. Dining is a true gourmet's delight. The Pavilions restaurant features daily international buffets and Lido combines a breath taking sea front location with the freshest seafood on the Coast. Minazi's chilled and casual atmosphere is popular with the world's favorites in international cuisine including wood fi red Italian pizzas and refreshing options of freshly squeezed juices, smoothies and ice creams. The resort has entertaining activities for children as well as childcare facilities in the evening. A chill lounge bar – Cocos on the beachfront for a night of music and groove. Enjoy exquisite gardens, four free form swimming pools and a range of water sports activities including jet skiing, wind surfing, snorkeling, scuba diving, or just close your eyes under the swaying palms.

MAASAI MARA – GAME CAMP

… Excitement, adrenaline, anticipation – the first game drive …

… Silence, awe, and wonder – the lion is on the hunt….

… Control, cunning, and precision – he makes his kill!

The Maasai Mara, some call it the eighth wonder of the world. One of the world's last remaining ecosystems harmonizing animal and nature. The Mara is where you will have one of those breath-taking, hearts stopping moments … crack of dawn balloon ride over nature's playground, a million teeming wildebeest making their annual migration across the Mara, your first face-to-face encounter with the big five of Kenya. Sarova Mara Game Camp offers luxurious tented accommodation equipped with an en-suite bathrooms and a deck for outdoor seating. The Isokon restaurant features international buffets with specialty live cooking and our bush dining options are necessary at least once during your stay. Enjoy live guitar music, sundowners and post dinner entertainment at the bar whilst sitting around a log fire. Game drives are delightful and our informative guides ensures that you sight most , if not all of Kenya's Big Five; And then get spoilt with our bush massage – a real treat in the wild. The Lodge also features an authentic Maasai habitat at the Isokon Maasai Cultural Village where you can experience firsthand, one of the few remaining ancient great cultures of the world.

LION HILL NAKURU NATIONAL PARK

The lake is ringed in a swathe of … Pink? …wait, it's a pulsing , writhing … ALIVE swathe of pink!... now the whole glorious mass of pink spectacularly takes to flight!....Situated at heart of the Rift Valley, the Lake Nakuru national park is home to one of the most amazing ornithological spectacles in the world – the flight of flamingos! Aside from the flamingoes, the park has over 450 species of birds – a heaven for avid bird watchers. The park is also sanctuary to the great-endangered Black Rhino and abounds with other game such as buffalos, tree-climbing lions and the elusive Leopard. Sarova Lion Hill Game Lodge is one of only two lodges situated within the park. Each of the recently refurbished chalets are equipped with private en-suite facilities and have an astounding view of the pink rimmed lake, or enjoy your staff in privacy of our lake suites.

Enjoy country-style dining at the flamingo restaurant or if you like, the chef can set up something special under one of the beautiful acacia trees where you can enjoy your lunch as you have an unobstructed view of the lake. The Rift Valley bar is just the right spot for that magical sundowner. Lie by the pool or have a refreshing out-door massage after that amazing game drive and in the evening , join our cultural dancers as they teach you the origins of true African dance. Let your spirit take flight.